
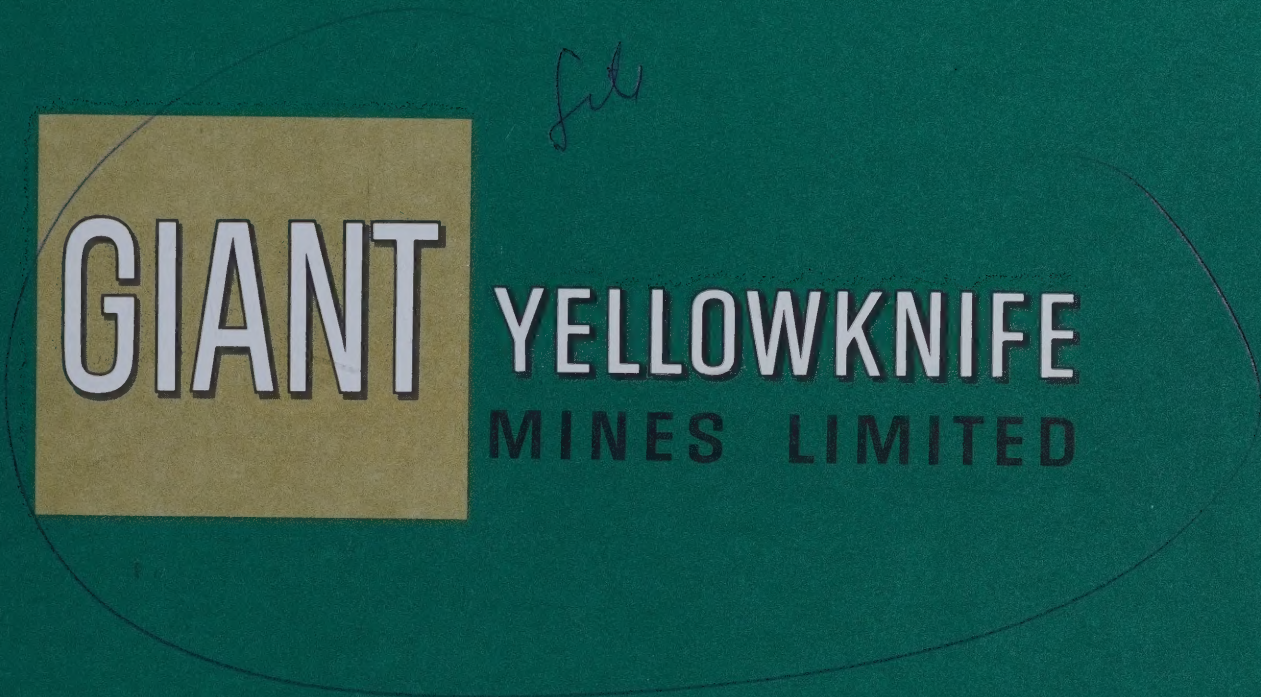


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GIANT

**YELLOWKNIFE
MINES LIMITED**

A N N U A L R E P O R T 1 9 6 6



TOWN OF YELLOWKNIFE: Capital of the Northwest Territories.
Giant Mine upper left background.

"Aerial photo by G. Reimann,
Yellowknife, N.W.T."

ANNUAL REPORT - 1966

GIANT YELLOWKNIFE MINES LIMITED

Head Office: 7 King Street East, Toronto 1, Ontario

Mine Office: Yellowknife, N.W.T.

OFFICERS

President - - - - - H. J. FRASER
Vice-President and Managing Director P. N. PITCHER
Secretary - - - - - A. C. CALLOW
Treasurer - - - - - J. T. McWHIRTER
Assistant Treasurer - - - - - J. D. KRANE

DIRECTORS

A. J. ANDERSON	H. J. FRASER
C. R. ARCHIBALD, Q.C.	W. F. JAMES
B. S. W. BUFFAM	E. L. HEALY
T. D. CARLSON	P. N. PITCHER
J. DOUGLAS STREIT	

CONSULTANTS

A. S. DADSON	- - - - - Geological
F. R. ARCHIBALD	- - - - - Metallurgical
J. M. MORTIMER	- - - - - Metallurgical

TRANSFER AGENTS AND REGISTRARS

THE STERLING TRUSTS CORPORATION
372 Bay Street, Toronto, Ontario

REGISTRAR AND TRANSFER COMPANY
140 Cedar Street, New York 7, N.Y.

BANKERS

CANADIAN IMPERIAL BANK OF COMMERCE
Toronto, Ontario

AUDITORS

GUNN, ROBERTS & CO.
(now THORNE, GUNN, HELLIWELL & CHRISTENSON)
Toronto, Ontario

SOLICITORS

ROBERTS, ARCHIBALD, SEAGRAM & COLE
Toronto, Ontario

ANNUAL MEETING OF SHAREHOLDERS

Friday, April 21, 1967 at 10.30 a.m. (E.S.T.)
Toronto Room, King Edward Sheraton Hotel,
Toronto, Canada.

REPORT OF THE DIRECTORS

Toronto, Ontario,
March 8, 1967.

To the Shareholders:

The operating results for the year ended December 31, 1966 are summarized in the following tabulation:

Ore Milled	Tons	Average Mined Grade	1966	1965
Giant Mine	384,271	0.652		
Lolor Mine *	1,591	0.454		
Supercrest Mine *	938	0.851		
Total Tons Milled			386,800	395,001
Average Daily Tons			1,060	1,082
Calculated Mill-heads, oz. gold per ton			0.65	0.72
Percentage gold recovery			89.89	89.51
Recoveries, ounces	Gold	Silver		
Giant Mine	225,228	20,924		
Lolor Mine	792	58		
Supercrest Mine	676	59		
Total Gold Ounces			226,696	255,024
Total Silver Ounces			21,041	20,120
Operating Cost per ton before write offs			\$13.51	\$12.88
Gross Value of Production (Giant only)			\$8,590,091	\$9,638,156
* Development Ore				

FINANCIAL

The earnings for the year compared with the preceding year are summarized as follows:

	1966	1965
Operating Income before write-offs	\$3,326,509	\$4,478,292
Income taxes	620,000	580,000
Net Income	2,099,825	3,611,423
Earnings per share49	.84
Dividends paid per share60	1.00

OPERATING COSTS

Operating costs were higher than in 1965; \$13.51 per ton as compared to \$12.88. In addition to the higher prices for supplies and equipment the general labour shortage made necessary considerable overtime pay. Wage rates increased April 1 as provided for in the current Collective Bargaining Agreement.

CAPITAL EXPENDITURES

Approximately \$642,000 was spent on construction and replacement of fixed assets during the year, the principal items being:

Hydraulic back fill plant and auxiliary pipe lines	\$ 296,000
Mining and general equipment	145,000
Additional housing Yellowknife townsite	100,000
Automation equipment	55,000

UNDERGROUND OPERATIONS

The trend to lower grade ore continued throughout the year. Primarily this is due to the fact that there are now fewer of the large, highly productive, high-grade, stopes. With the greater number of small, irregular stopes, more dilution is being experienced. In addition, a substantial proportion of the mine production is being taken from relatively low-grade ore blocks since present policy favours the mining of all ore above the cut-off grade at the time it is most readily available.

Because of the shortage of skilled miners somewhat less underground development was carried out at a slightly lower rate than in 1965. Exploration diamond drilling continued at a high level. No new ore zones were located. Small amounts of new ore were outlined adjacent to present working places but the total is less than the ore mined. Consequently the reserves show a drop of 236,000 tons as compared to those at the 1965 year end.

Unless new discoveries of major proportions are made the ore reserve position will continue to decline.

LOLOR MINES LIMITED

During the year development work and diamond drilling, carried out from the 750-foot and 575-foot levels, improved the ore picture considerably and the ore reserves were increased by 97,300 tons. At the year end initial stope preparation was well advanced. It is expected that production will start early in 1967.

SUPERCREST MINES LIMITED

The development and exploration program continued according to plan. During the year lateral development on the 575-foot and 750-foot levels totalled 1,636 feet. Including the break-through to the Akaitcho shaft collar, 732 feet of raising was done. Underground diamond drilling amounted to 13,469 feet. Sub-levelling was started. Ore outlined by drilling, in the steeper part of the Akaitcho Zone immediately above the 750-foot level, was estimated at 59,000 tons averaging 0.65 ounces of gold per ton. Development of this 7-74 stopping block was under way during the second half of the year. Development of the upper parts of the zone, including the Akaitcho "flat" will be pushed in 1967.

ORE POSITION

Reserves of developed ore at the year end, including dilution allowance were estimated as follows; with the 1965 reserves shown for comparison.

	1966		1965	
	Tons	Oz. of Gold per Ton	Tons	Oz. of Gold per Ton
Giant Mine				
Active stopes	979,500	0.67	932,000	0.71
Pillars	60,000	0.84	58,000	0.85
Other developed ore ..	1,094,500	0.68	1,380,000	0.70
	<u>2,134,000</u>	<u>0.68</u>	<u>2,370,000</u>	<u>0.70</u>
Lolor Mine	324,000	0.65	236,700	0.72
Supercrest Mine	59,000	0.65	—	—
Total	<u>2,517,000</u>	<u>0.675</u>	<u>2,606,700</u>	<u>0.70</u>

OUTSIDE EXPLORATION

Northbelt Yellowknife Mines Limited

As part of its continuing programme of outside prospecting and exploration the Company previously acquired interests in 27 unpatented mining claims lying between two

and five miles north of its mine at Yellowknife, in an area called the North Yellowknife Greenstone Belt. Exploratory diamond drilling had been carried out on these claims, with inconclusive results. In 1966 the Company proposed a consolidation of a number of claims in the Belt, and an agreement with Falconbridge Nickel Mines Limited and Transcontinental Resources Limited was entered into, whereunder 74 claims held by Falconbridge and the 27 claims held by Giant were sold to Northbelt Yellowknife Mines Limited, which already held 16 claims. This unified ownership in Northbelt of a continuous strip along the Belt, comprised of 117 claims.

Northbelt has an authorized capital of 3,000,000 shares, n.p.v. Giant has received 284,000 shares for its claims transferred. Giant has the exclusive right of possession of the consolidated properties and has undertaken to spend \$105,000 on exploration thereon by June 30, 1968, for which it will receive 420,000 Northbelt shares. Giant has optional exploration rights thereafter which, if exercised, would entitle it to 350,000 shares at 30¢ per share for additional expenditures made prior to September 30, 1969, and a further 600,000 shares at 35¢ per share for expenditures made prior to December 31, 1970. Should the Company exercise its options to the full extent of the above exploration work, it will own 60.9% of the issued Northbelt shares. Because of the intercorporate relations shareholders are being asked to confirm this transaction.

There is good evidence that the schist zones, which are the host structures for the Giant and Supercrest orebodies, persist through the northern extensions of the Greenstone Belt, north of the Akaitcho fault. Detailed investigation of the broad area covered by the claims is fully warranted.

Pine Point Area

Exploration of the 380 claim group, held in partnership with Falconbridge Nickel Mines Limited, was continued through the year. Induced Polarization Surveys were carried out and thirty diamond drill holes were put down. No results of economic significance were obtained. The claims are in good standing until 1969.

Yukon

A total of 306 claims was acquired in the Vangorda area. Airborne and ground geophysical surveys were carried out. A modest programme of follow-up work is proposed for 1967.

Yellowknife Region

At the year end your Company had an interest in 1,251 claims, outside of the immediate mine area. Field parties were active in prospecting, geological mapping and property examinations. Two gold showings were investigated by diamond drilling, with discouraging results.

GENERAL

The shortage of experienced miners and tradesmen is imposing a serious problem, and it is expected that this situation will continue, at least through 1967. Unskilled labour is available, but the turnover is too great to allow for proper training and upgrading.

ACKNOWLEDGMENTS

Your directors gratefully acknowledge the efficient services rendered by Mr. D. R. DeLaporte, General Manager, Mr. W. A. Case, Mine Manager, and the staff.

On behalf of the Board,

H. J. FRASER, President.

P. N. PITCHER, Vice-President and Managing Director.

GIANT YELLOWKNIFE MINES LIMITED

(Incorporated under the laws of Ontario)

BALANCE

ASSETS		1966	1965
CURRENT ASSETS:			
Cash	\$	273,529	\$ 331,943
Bullion at net realizable value		848,241	818,447
Short term securities at cost which approximates market value		5,912,519	7,151,086
Accounts and accrued interest receivable		106,661	122,009
		<u>7,140,950</u>	<u>8,423,485</u>
FIXED ASSETS:			
Buildings, machinery and equipment at cost		13,503,193	13,002,394
Less accumulated depreciation		12,422,164	12,251,691
		<u>1,081,029</u>	<u>750,703</u>
Mining claims and properties at cost		1,700,432	1,694,370
		<u>2,781,461</u>	<u>2,445,073</u>
OTHER ASSETS:			
Supplies at average cost		1,031,984	976,936
Prepaid expenses and deposits		73,617	171,457
Shares and advances at cost			
Subsidiary mining company (see note)		289,546	211,147
Other mining companies		311,013	309,695
Special refundable tax		127,200	—
Deferred charges		84,264	102,996
		<u>1,917,624</u>	<u>1,772,231</u>
		<u>\$11,840,035</u>	<u>\$12,640,789</u>

AUDITORS' REPORT

To the Shareholders of

GIANT YELLOWKNIFE MINES LIMITED

We have examined the balance sheet, retained earnings and source and application of funds statements and the procedures and such tests of accounting

In our opinion these financial statements present a true and fair view of its operations and the source and application of funds on a basis consistent with that

Toronto, Canada,
February 13, 1967.

STATEMENT OF FINANCIAL POSITION — DECEMBER 31, 1966 (with comparative figures at December 31, 1965)

		LIABILITIES	
		<u>1966</u>	<u>1965</u>
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities	\$	495,311	\$ 441,503
Income taxes payable		295,713	580,000
Government royalties payable		86,370	174,718
		<u>877,394</u>	<u>1,196,221</u>

SHAREHOLDERS' EQUITY:

Capital stock:			
Authorized — 4,500,000 shares without par value			
Issued — 4,303,050 shares		5,700,000	5,700,000
Contributed surplus		2,637,276	2,637,276
Retained earnings		2,625,365	3,107,292
		<u>10,962,641</u>	<u>11,444,568</u>

NOTE:

Consolidated financial statements have not been prepared as the subsidiary company, Lolor Mines Limited, has not commenced mining operations and as its assets and liabilities are not material in relation to those of the company. As the subsidiary company is developing its mining claims, its net expenditures have been deferred to future operations and its accounts show neither profit nor loss since incorporation.

Approved on behalf of the Board:

H. J. FRASER, Director.

P. N. PITCHER, Director.

<u>\$11,840,035</u>	<u>\$12,640,789</u>
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of Giant Yellowknife Mines Limited as at December 31, 1966 and the statements of income, of funds for the year then ended. Our examination included a general review of the accounting and other supporting evidence as we considered necessary in the circumstances.

ts present fairly the financial position of the company as at December 31, 1966 and the results of its funds for the year then ended, in accordance with generally accepted accounting principles preceding year.

GUNN, ROBERTS AND CO.,
Chartered Accountants.

STATEMENT OF RETAINED EARNINGS

Year ended December 31, 1966
(with comparative figures for 1965)

	<u>1966</u>	<u>1965</u>
Balance at beginning of year	\$3,107,292	\$3,798,786
Net income for the year	2,099,825	3,611,423
	<u>5,207,117</u>	<u>7,410,209</u>
Deduct dividends paid — 60¢ per share in 1966, \$1.00 per share in 1965	2,581,752	4,302,917
Balance at end of year	<u>\$2,625,365</u>	<u>\$3,107,292</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1966
(with comparative figures for 1965)

Source of Funds:

	<u>1966</u>	<u>1965</u>
From operations		
Net income for the year	\$2,099,825	\$3,611,423
Depreciation which did not require a cash outlay in the year	308,622	287,495
	<u>2,408,447</u>	<u>3,898,918</u>
Disposal of fixed assets, less profit included in net income	2,938	44,571
Other sources (net)	61,524	72,214
	<u>2,472,909</u>	<u>4,015,703</u>

Application of Funds:

Dividends paid	2,581,752	4,302,917
Additions to fixed assets	647,948	425,676
Advances to subsidiary and other mining companies	79,717	1,200
Special refundable tax	127,200	—
	<u>3,436,617</u>	<u>4,729,793</u>
Decrease in working capital	<u>\$ 963,708</u>	<u>\$ 714,090</u>

STATEMENT OF INCOME

Year ended December 31, 1966

(with comparative figures for 1965)

METAL PRODUCTION:	1966	1965
Gold and silver	\$8,590,091	\$9,638,156
Deduct marketing expenses	72,268	72,755
	<u>8,517,823</u>	<u>9,565,401</u>
 EXPENSES:		
Operating expenses, other than items set out below	4,874,487	4,616,713
Government of Canada royalty	70,000	177,000
Sudbury Division, general and metallurgical expenses	17,813	55,757
Administrative and corporate expenses	229,014	237,639
Depreciation	308,622	287,495
	<u>5,499,936</u>	<u>5,374,604</u>
Operating income	<u>3,017,887</u>	<u>4,190,797</u>
 Deduct exploration expenditures		
Contiguous Yellowknife properties	301,088	315,227
Other areas	305,511	133,974
	<u>606,599</u>	<u>449,201</u>
	2,411,288	3,741,596
Profit on sale of buildings, machinery and equipment	—	162,029
Interest earned	308,537	287,798
Income before income taxes	2,719,825	4,191,423
Income taxes (note 1)	620,000	580,000
Net income for the year	<u>\$2,099,825</u>	<u>\$3,611,423</u>

NOTES: 1. Amounts in respect of development expenditures and buildings, machinery and equipment, which were written off in the accounts of predecessor amalgamating companies, may be deducted from income for income tax purposes. As a result income taxes for 1966 have been reduced by \$210,000 (1965 \$740,000). At December 31, 1966 amounts yet to be deducted for tax purposes, by way of depreciation and other allowances, exceed by \$840,000 the net book value of deferred expenditures and buildings, machinery and equipment.

2. The remuneration of directors, as such, was \$11,203 for 1966 and \$12,294 for 1965.

COMPARATIVE STATEMENT OF

Fiscal Year Ended May 31	Tons Milled	Calculated Mill Heads Per Ton	Estimated E.G.M. Assistance	Net Value of Metals Recovered	Average Price Per Ounce of Gold	Operating Cost Before Write-offs	Operating Cost Per Ton
1949	84,886	0.815	\$ 511,020	\$ 1,962,340	\$ 35.00	\$ 1,467,133	\$ 17.28
1950	126,214	0.708	354,326	2,986,457	37.46	1,826,453	14.47
1951	151,814	0.842	267,874	4,158,038	37.35	1,997,073	13.15
June 30							
1952	165,846	0.755	615,000	3,854,137	35.79	2,658,570	16.03
1953	245,559	0.846	680,000	6,012,389	34.20	3,561,546	14.51
1954	275,985	0.785	965,000	6,045,327	34.26	3,704,451	13.42
1955	286,742	0.761	700,000	5,876,857	34.16	3,912,978	13.65
1956	297,582	0.765	120,000	6,235,926	34.76	4,284,385	14.40
1957	309,673	0.795	105,000	6,396,699	33.75	4,234,517	13.67
1958	289,220	0.795	340,000	5,331,448	33.85	3,872,120	13.39
1959	321,002	0.784	280,000	6,397,770	33.81	4,048,047	12.61
June 29							
1960	361,601	0.784	13,687	7,649,230	33.50	4,338,972	12.00
Dec. 31							
1960	181,101	0.795	-----	4,080,679	34.63	2,529,960	13.96
1961	366,515	0.779	-----	8,507,473	35.73	4,755,387	12.97
1962	375,820	0.763	-----	9,445,300	37.56	4,743,728	12.62
1963	388,190	0.713	-----	9,254,173	37.76	4,758,936	12.26
1964	400,606	0.745	-----	10,120,070	37.62	4,789,045	11.95
1965	395,001	0.722	-----	9,565,401	37.68	5,087,109	12.88
1966	384,271	0.652	-----	8,517,823	37.99	5,191,314	13.51
	<u>5,371,628</u>	<u>0.762</u>	<u>\$4,951,907</u>	<u>\$122,397,537</u>	<u>\$ 35.77</u>	<u>\$71,761,724</u>	<u>\$13.36</u>

RODUCTION AND EARNINGS

Operating Profit Before Write-offs	Operating Profit Per Ton	Write-offs and Outside Exploration	Non-Operating Income	Income Tax	Net Profit	Dividends Declared
\$ 1,006,227	\$ 11.85	\$ 845,465	\$ 6,790	\$ -----	\$ 167,552	\$ -----
1,514,330	12.00	1,018,886	5,237	-----	500,681	-----
2,428,839	16.00	1,229,283	6,334	-----	1,205,890	-----
1,810,567	10.92	1,631,556	7,981	-----	186,992	-----
3,130,843	12.75	1,632,533	4,906	-----	1,503,216	800,000
3,305,876	11.98	1,808,594	22,793	12,000	1,508,075	1,600,000
2,663,879	9.29	1,690,938	14,728	4,000	983,669	1,400,000
2,071,541	6.96	1,305,198	71,219	-----	837,562	1,200,000
2,267,182	7.32	1,304,011	51,901	4,000	1,011,072	600,000
1,799,328	6.22	1,070,897	59,919	4,000	784,350	1,200,000
2,629,723	8.19	1,043,148	51,060	85,000	1,552,635	1,200,000
3,323,945	9.19	1,183,330	103,858	490,000	1,754,473	1,800,000
1,550,719	8.56	799,281	86,158	-----	837,596	860,541
3,752,086	10.24	1,519,007	160,058	-----	2,393,137	1,936,290
4,701,572	12.51	967,313	245,321	(30,477)	4,010,057	3,012,027
4,495,237	11.58	815,261	308,635	-----	3,988,611	4,302,903
5,331,025	13.31	789,125	332,850	-----	4,874,749	4,302,910
4,478,292	11.34	736,696	449,827	580,000	3,611,423	4,302,917
3,326,509	9.55	915,220	308,537	620,000	2,099,825	2,581,752
<u>\$55,587,720</u>	<u>\$10.35</u>	<u>\$22,305,742</u>	<u>\$2,298,112</u>	<u>\$1,768,523</u>	<u>\$33,811,565</u>	<u>\$31,099,340</u>

MINE OPERATING OFFICIALS:

D. R. DeLAPORTE	-	-	-	-	-	-	General Manager
W. A. CASE	-	-	-	-	-	-	Mine Manager
G. S. DUNDAS	-	-	-	-	-	-	Mine Superintendent
R. J. McLEOD	-	-	-	-	-	-	Mill Superintendent
G. H. ESPLEY	-	-	-	-	-	-	Chief Engineer
D. J. EMERY	-	-	-	-	-	-	Chief Geologist
R. W. SPENCE	-	-	-	-	-	-	Exploration Superintendent
R. L. DAYKIN	-	-	-	-	-	-	Mine Accountant
C. M. WILKINSON	-	-	-	-	-	-	Electrical Superintendent
J. BOYD	-	-	-	-	-	-	Mechanical Superintendent
A. T. RIVETT	-	-	-	-	-	-	Personnel Supervisor



Six employees who have been active with the company for 20 consecutive years were honoured at the 1966 meeting of the Giant Yellowknife 10-Year Club. Shown at the event are (left to right) Messrs. H. S. Carter, E. J. Dagenais and W. J. Stalker; P. N. Pitcher, Vice-President and Managing Director, who presented the group with gold watches; J. Banke, W. L. Reasbeck and H. A. McCorquodale.



GIANT YELLOWKNIFE MINES LIMITED
LOCATION OF YELLOWKNIFE MINE

SCALE 0 100 200 300 400 MILES



Loading Ore from Stop

